

Message Text

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INFO OCT-01 AF-06 ISO-00 JUSE-00 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02

SS-15 USIA-15 AID-05 EB-07 CIEP-02 TRSE-00 STR-04

OMB-01 CEA-01 COME-00 FRB-01 XMB-04 OPIC-06 LAB-04

SIL-01 FTC-01 /110 R

DRAFTED BY NEA/RA:KKOLB:EO

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R 280059Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

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USINT BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY TRIPOLI

INFO AMEMBASSY ALGIERS

AMEMBASSY RABAT

AMEMBASSY TEL AVIV

AMEMBASSY TUNIS

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E.O. 11652:N/A

TAGS: ETRD, PFOR

SUBJECT:WASHINGTON POST EDITORIAL: "THE BOYCOTT ISSUE"

1. LEAD EDITORIAL OF JANUARY 26 WASHINGTON POST IS TITLED "THE BOYCOTT ISSUE." THE FULL TEXT IS PROVIDED FOR YOUR INFORMATION.QUOTE:

2. A MAJOR BATTLE OF PRINCIPLE AND POLICY HAS BEEN JOINED BY THE JUSTICE DEPARTMENT'S CIVIL SUIT CHARGING THE SAN FRANCISCO-BASED BECHTEL CORPORATION WITH SUPPORTING THE ARAB BOYCOTT OF ISRAEL. JUSTICE'S CONTENTION IS THAT THE HUGE HEAVY-CONSTRUCTION FIRM, BY REFUSING TO DEAL WITH BLACKLISTED SUBCONTRACTORS AND BY REQUIRING SUBCONTRACTORS IN GENERAL TO REFUSE TO DEAL WITH BLACKLISTED COMPANIES, IS IN VIOLATION OF AMERICAN ANTITRUST LAW. THE STATE DEPARTMENT TRIED UNSUCCESSFULLY TO BLOCK THE SUIT, PRIVATELY BUT URGENTLY PROTESTING THAT EVEN ITS FILING RISKED ALIENATING THE DIPLOMATIC FAVOR OF, IN PARTICULAR, SAUDI ARABIA. SAUDI ARABIA IS AT ONCE THE BULWARK OF THE BOYCOTT AND A COUNTRY WHOSE COOPERATION IS CONSIDERED VITAL TO AMERICAN DIPLOMACY, NOT TO SPEAK OF AMERICAN OIL SUPPLIES. IN THE TREASURY AND COMMERCE DEPARTMENTS, MOREOVER, AND IN THE BUSINESS CONSTITUENCIES THEY REPRESENT, FEAR WAS AND IS RAMPANT THAT THE SUIT WILL COST AMERICAN COMPANIES BILLIONS OF DOLLARS WORTH OF POTENTIAL BUSINESS THROUGHOUT THE ARAB WORLD.

3. WE FIND IT UNDENIABLE, NONETHELESS, THAT JUSTICE WAS RIGHT TO GO AHEAD AND FILE THE SUIT. NOTHING IN THE ANTI-TRUST LAW RESERVES ITS APPLICATION TO SITUATIONS WHICH DON'T MAKE FOREIGN WAVES. IN THE EXPORT ADMINISTRATION ACT OF 1969, MOREOVER, IT WAS DECLARED TO BE "THE POLICY OF THE UNITED STATES TO OPPOSE RESTRICTIVE TRADE PRACTICES FOSTERED OR IMPOSED BY FOREIGN COUNTRIES AGAINST OTHER COUNTRIES FRIENDLY TO THE UNITED STATES." WHETHER BECHTEL IS IN FACT GUILTY OF ANTI-TRUST VIOLATIONS, WE LEAVE, OF COURSE, TO THE COURTS. BUT IT IS NOTEWORTHY THAT BECHTEL

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RESPONDED TO THE SUIT NOT BY DENYING THE CHARGES BUT BY CONTENDING -- EVIDENTLY IN REFERENCE TO CERTAIN PROCEDURES OF THE COMMERCE DEPARTMENT -- THAT "FEDERAL REGULATIONS AND PRINTED FORMS AND STATEMENTS...HAVE EXPRESSLY STATED THAT COMPLIANCE WITH (THE BOYCOTT) IS NOT ILLEGAL UNDER AMERICAN LAW." THE CORPORATION ADDED THAT ITS ARAB BUSINESS IS CONDUCTED "IN AREAS AND IN WAYS COMPATIBLE WITH U.S. FOREIGN POLICY GOALS."

4. WE SENSE HERE THE DEVELOPMENT, WITHIN THE U.S. GOVERNMENT AND WITHIN THE LARGER POLITICAL COMMUNITY, OF ANOTHER OF THOSE DIFFICULT ISSUES THAT HAVE MADE THE CONDUCT OF AMERICAN PUBLIC LIFE SO BITTER IN RECENT YEARS. THE DIFFERENCE IN THIS CASE LIES IN THE FACT THAT THE CHALLENGE TO THE ADMINISTRATION'S ECONOMIC HABIT AND FOREIGN POLICY COMES FROM ITS OWN JUSTICE DEPARTMENT, SUPPORTED, TO BE SURE, BY A PROBABLE MAJORITY IN CONGRESS.

5. THIS PUTS A SPECIAL BURDEN ON THE STATE DEPARTMENT -- A BURDEN SO FAR INADEQUATELY APPRECIATED. FOR THE DEPARTMENT'S EMPHASIS HAS BEEN TO COMPLAIN THAT JUSTICE

AND CONGRESS WERE COMPLICATING THE MAKING OF FOREIGN POLICY. WHAT THE DEPARTMENT SHOULD BE DOING, HOWEVER, IS TELLING THE UNITED STATES' ARAB FRIENDS THAT A DEEPENING LONGTERM RELATIONSHIP IS ONLY POSSIBLE ON THE BASIS OF MUTUAL RESPECT. THAT ARAB LEAGUE STATES CONDUCT THEIR OWN TRADE BOYCOTT AGAINST ISRAEL IS THEIR BUSINESS -- REGRETTABLE TO AMERICANS BUT SOMETHING THAT THE UNITED STATES, WHICH HAS CONDUCTED ITS OWN POLITICALLY MOTIVATED BOYCOTTS, IS IN A POOR POSITION TO PROTEST. THAT ARAB STATES SHOULD EXPECT TO ENLIST AMERICAN FIRMS TO SUPPORT THE ARAB BOYCOTT IS, HOWEVER, VERY DIFFERENT. THE ISSUE IS THAT SIMPLE.

6. THE COURT PROCEEDING IS LIKELY TO BE LONG AND DRAWN OUT. THIS MAY PROVIDE THE TIME AND THE EXTRA PRESSURE NEEDED FOR THE BOYCOTT ISSUE TO BE WORKED OUT ON A POLITICAL BASIS BETWEEN THE UNITED STATES AND THE VARIOUS ARAB GOVERNMENTS. WE HOPE SO. THE SUIT, IF SO USED BY AMERICAN DIPLOMATS, COULD HELP ARAB OFFICIALS UNDERSTAND

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THAT THEY CANNOT PROPERLY EXPECT TO ENTANGLE AMERICAN BUSINESSES IN THEIR FIGHT WITH ISRAEL. AND IT COULD BRING AN END TO A SITUATION -- AMERICAN PARTICIPATION IN THE BOYCOTT -- WHICH IS A STANDING REPROOF TO THE VALUES OF THE UNITED STATES. END TEXT. KISSINGER

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